

for nearly seven years, until the growing pressure for capital at the beginning of 1907 led to an increase. The discount rate was fixed on January 17, 1907, at three and a half per cent, on March 21st, at three per cent., and on November 11th, at four per cent., while at London it stood at seven per cent. and at Berlin at seven and a half. With the passing of the storm, the rate went down on January 9, 1908, to three and a half per cent., and on January 23rd, to three per cent., which remained unchanged for many months.¹

The comparative uniformity of the discount rate at the Bank of France has been the result of three factors,—the magnitude of the metallic reserve; the less variable demands upon the bank than those which fall upon the Bank of England; and definite adherence to a different policy of maintaining the reserve.

A large reserve has made the Bank of France less sensitive than it might otherwise have been to temporary demands for gold. Since the suspension of silver coinage on private account the gold hoard of the bank has, with few interruptions, steadily grown until it was for a time the largest accumulation of gold in the world. The outpour of the yellow metal from the mines of South Africa accelerated the upward movement in spite of the large demands made by Russia and the United States. By the close of 1902 the gold in the bank stood at 2,542,700,000 francs, which was an increase of fully fifty per cent, over the amount ten years before. This amount was considerably increased in the following years, in spite of the monetary pressure of 1907. For a time the accumulation of silver was in excess of requirements, but after 1892 there was a gradual decline in the volume of the white metal, which in fifteen years reduced the amount by about twenty-five per cent.*

¹ *Assemblée Générale des Actionnaires, 1908, 9**

² M. Pallain, the governor of the bank, points out that the diminution of the reserve which took place during the trying period of 1907 was wholly in silver and arose "from the demands of the colonies or from our allies in the Latin Union of whom we have every interest in